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Justice and Consumer Affairs / Attorney General

Province to strengthen Credit Unions Act (07/12/13)

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FREDERICTON (CNB) - The New Brunswick government is moving on a commitment to strengthen the *Credit Unions Act* to better protect taxpayers in the wake of the destabilization and subsequent remediation of the province's largest credit union.

A discussion paper on proposed changes to the act was tabled in the legislature today, and has been sent out to key stakeholders representing the thousands of credit union and caisse populaire members throughout the province.

"A vibrant credit union system in New Brunswick supported by a strong regulatory system is an important aspect of self-sufficiency, particularly for rural New Brunswick," Justice and Consumer Affairs Minister T. J. Burke said. "There have not been any significant revisions to the Credit Unions Act since 1994, while financial markets, technology, business practices and theories on corporate governance have been evolving rapidly. In addition, the events that led up to the remediation of Caisse populaire de Shippagan earlier this year highlighted a number of weaknesses in the act."

The discussion paper will gather input from key stakeholders to assist in preparing a legislative proposal for amendments to the act to be introduced during the spring session. The amendments will:

- achieve a better balance between deposit protection and protection of the taxpayer;
- ensure that the credit union system is and continues to be adequately capitalized;
- allow regulatory authorities to act decisively to protect the system as a whole;
- create and/or maintain a regulatory structure which observes best practices in governance and risk management, and avoids conflict of interest whenever practical; and
- respect that transparency and democracy are at the heart of the credit union movement.

07/12/13

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